



# OLR RESEARCH REPORT

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## **FEDERAL AND STATE LAW ON CABLE TV COMPETITION**

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You asked for a discussion of federal and state law on cable TV competition, specifically whether they permit more than one cable company to serve an area.

### **SUMMARY**

Federal and state law permit more than one cable company to serve an area and include provisions to promote competition in video services.

### **FEDERAL LAW**

Federal law (47 USC § 541 et seq.) specifies how franchising authorities can regulate cable companies. In Connecticut, the Public Utilities Regulatory Authority (PURA), formerly the Department of Public Utility Control, is the franchising authority; in most states, counties, or municipalities issue cable franchises. Under 47 USC § 541, a franchising authority may award one or more franchises within its jurisdiction. It may not grant an exclusive franchise and may not unreasonably refuse to award an additional competitive franchise. Federal law also has provisions designed to promote competition between cable companies, telephone companies providing video services, and direct broadcast satellite companies.

While federal law permits competition in video services, 47 USC § 541 bars treating cable companies as common carriers. As a result, a state or other franchising authority may not require a cable company to open its system to other cable companies.

## **STATE LAW**

CGS § [16-331](#) allows PURA to issue more than one franchise in each area. It specifies that (1) each franchise is nonexclusive and (2) each new franchise in any area of the state with an existing franchise may not contain more favorable terms or conditions than those imposed on the existing franchise (other than the length of the franchise). These two provisions were added by PA 92-137, which also allowed municipalities with municipal electric utilities to obtain cable franchises for their service territories.

PA 07-253 largely deregulated the cable industry in the state. It allows companies that do not provide video service in an area to obtain a certificate of video franchise authority. Unlike traditional franchises, these certificates are valid for an unlimited period of time and the certificate holder is not subject to rate regulation or to requirements to build out its system within a specified period of time. According to the act's legislative history, its purpose was to encourage competition in the provision of video services. For example, in introducing the bill, Representative Fontana, chair of the Energy and Technology Committee, stated that it "provides a new competitive level playing field for video services provided by cable TV providers and other potential new entrants to the field of video services." After the act passed, AT&T entered the video market with its U-Verse service, which is currently available to more than 55% of the state's residents.

Under PA 07-253, once a competitor enters a franchise area, the existing franchise holder may apply for a certificate of cable franchise authority; all of the cable companies have taken advantage of this provision. Cable companies holding these certificates are subject to a similar level of regulation as companies with certificates of video franchise authority. Among other things, the cable companies are not subject to rate regulation or build-out requirements.

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